

Rich Kid Smart Kid Games

Game Four: Jesse's Big Change

Topic: Rat Race or Fast Track

Grade Level: 6-8

Interactive Internet Game Activity

Jesse is beginning to see that he wants time to do the things he enjoys, but he is too busy working at his ice cream stand. He sees Reno earn his money just by taking care of his gumball machines, and that doesn't take much time. Jesse is now seeing that he is ready to move out of the Rat Race and onto the Fast Track.

Learning Objectives

- Solve basic math problems
- Understand the effect of liabilities and expenses on income
- Apply the concepts taught through the financial transactions to being in the Rat Race or on the Fast Track.

Assessments

Students will: (1) analyze financial transactions for its effect on income statements and balance sheets, (2) perform basic math calculations, and (3) evaluate the activity concepts and financial transactions to determine a future in the Rat Race or on the Fast Track.

Classroom Activities

Rat Race or Fast Track – As a class, work through the overview. Several concepts you will need to make sure that students understand are: Rat Race, Fast Track, and the balance sheets that are shown for Jesse in the Rat Race and Fast Track. It is important for students to understand the concept of making money work for them.

Building Jesse's Assets – Before you begin play, review the outcome and instructions that students will encounter when they roll the die. Students will be able to play the game independently if they understand these instructions as they relate to the outcomes. The roll of the die simply tells students what will happen on their turn. They must then make the entries on their Player Card. (A good eraser is a must!) As students take their turn, emphasize the importance of an auditor and taking a look at how a particular outcome will effect a person's income statement and balance sheet.

Some points of importance that students should discover as they move through the game are: (1) In this game, your paycheck is what is left after you pay your expenses. (2) A person cannot make it to the Fast Track until his/her passive income (income from investments) is equal to or exceeds your total expenses. This is making your money work for you.

Class Discussion Questions

1. What items have you purchased in the past 6 months?
Where would you list these items on a balance sheet – under assets or liabilities?
2. Let's say you receive \$20 each week by doing odd jobs for other people. How could you invest this money and still have some for fun?
Calculate what you think your balance sheet would look like after 8 weeks?
Are your investments starting to pay off?

Overview

Rat Race or Fast Track

Rat Race: The endless cycle of never seeming to get ahead financially. You working hard for money.

Jesse has built a good job for himself with his ice cream stand. He is self-employed. He is his own boss. But unfortunately, if Jesse wants to make more money, *he* must work harder and harder. And there is a limit to how hard Jesse can work, so there is a limit on how much Jesse can earn.

Jesse's Rat Race Working Hard for Money

<u>Income Statement</u>	
Income	
Ice Cream Stand	

Expenses	
Car	
Games	
Clothes	
Music	

<u>Balance Sheet</u>	
Assets	Liabilities
None	

Jesse's Fast Track Money Working Hard for Jesse

<u>Income Statement</u>	
Income	
Ice Cream Profit & Other Assets	

Expenses	
Car	
Games	
Clothes	
Music	

<u>Balance Sheet</u>	
Assets	Liabilities
Stocks	
Real Estate	
Business	

Fast Track: You get here when the income from your assets becomes more than what it costs you to live. Money working hard for you.

Jesse can make a big change. He can teach others how to run the ice cream stand so he can build more ice cream stands. He can also use his investment money to buy other assets like real estate or stocks or gum ball machines like his friend Reno. And as his assets grow, his *money* will work harder and harder for Jesse. And there is no limit to how hard money can work, so there is no limit on how much Jesse can earn.

Fast Track Fun

Building Jesse's Assets

Player Card

Player _____

Auditor _____
(Player before you)

<u>JESSE'S INCOME STATEMENT</u>	
Income	
Salary	\$1000
Franchise Royalties	\$ _____
Beach Hut Properties	\$ _____
Total Income	\$ _____
Expenses	
Car Payments	\$ 500
Games	\$ 50
Clothes	\$ 100
Music	\$ 50
Surf Shop Account	\$ _____
Total Expenses	\$ _____

Fast Track?

You win when Jesse's passive income (income from **Royalties & Properties**) is equal or bigger than his **Total Expenses**.

Cash on Hand

Cash increases from paycheck & selling stock
Cash decreases for spending on taxes, buying stock, & buying rental properties.
Keep track of your Cash on Hand each turn.

\$ _____

Paycheck

Your paycheck is how much is left when you subtract your **Total Income – Total Expenses**.
Keep track of your Paycheck amount each turn.

\$ _____

<u>JESSE'S BALANCE SHEET</u>			
Assets		Liabilities	
Ice Cream Stand	\$ 2000	Car Loan	\$15,000
Toki Beach Stock	\$ _____	Surf Shop Account	\$ _____
# of shares _____		Beach Hut Properties	\$ _____
Beach Hut Properties	\$ _____		

Fast Track Fun

Building Jesse's Assets

Instructions

Object of the game is to build up assets that will increase Jesse's income. You win if Jesse's income from **Franchise Royalties** and **Beach Hut Rentals** are greater than his **Total Expenses**.

Need copies of player card, pencil with eraser, calculator, and dice.

Set Up – On your player card:

1. Calculate Total Income
2. Calculate Total Expenses
3. Calculate Paycheck (See Paycheck box for instructions)
4. Role dice to determine first player.

Play

- Before rolling on each turn, add your Paycheck amount to your Cash on Hand. *If you roll before you add your Paycheck, you lose that Paycheck* (but not your turn).
- Role one die and follow these instructions:

Roll	Outcome	Instructions
1	Pay \$300 Tax	Cash on Hand: Reduce by \$300
2	Charge \$500 at the Surf Shop	Liabilities: Add \$500 to Surf Shop Account Expenses: Add \$100 to Surf Shop Account Recalculate: Total Expenses & Paycheck
3 or 4	Any player can, but does not have to, Buy/Sell Toki Beach Stock	To determine stock price per share, roll one die and multiply times 10 (Ex: roll a 3 = \$30 per share). Cash on Hand: Add or subtract total value of stock trade (you may not go below \$0) Asset: Add or subtract total value of stock trade and # of shares traded to Toki Beach Stock.
5	Franchise Jesse's Ice Cream Stand	Income: Add \$200 to Franchise Royalties Recalculate: Total Income & Paycheck Fast Track: Check to see if you have won!
6	You may buy a \$20,000 Beach Hut Rental Property with \$4000 cash down to gain \$400 in income.	<i>You must have at least \$4000 in Cash on Hand to play this turn. If you have less than \$4000 your turn ends.</i> Cash on Hand: Subtract \$4000 Asset: Add \$20,000 to Beach Hut Properties Liabilities: Add \$16,000 to Beach Hut Properties Income: Add \$400 to Beach Hut Properties Recalculate: Total Income & Paycheck Fast Track: Check to see if you have won!

Fast Track Fun

Building Jesse's Assets

Teacher Instructions

- Put students into groups of 3-5
- Auditor should be student whose turn is just before player.
- Be sure students are using a pencil with an eraser.
- Each game will take about 20 minutes.

Sample of typical winning scenario

JESSE'S INCOME STATEMENT	
Income	
Salary	\$1000
Franchise Royalties	\$ 400
Beach Hut Properties	\$ 400
Total Income	\$ 1800
Expenses	
Car Payments	\$ 500
Games	\$ 50
Clothes	\$ 100
Music	\$ 50
Surf Shop Account	\$ 100
Total Expenses	\$ 800

Fast Track

Fast Track?
 You win when Jesse's passive income (income from **Royalties & Properties**) is equal or bigger than his **Total Expenses**.

Cash on Hand
 Cash increases from paycheck & selling stock
 Cash decreases for spending on taxes, buying stock, & buying rental properties.
 Keep track of your Cash on Hand each turn.
\$ 6000

Paycheck
 Your paycheck is how much is left when you subtract your **Total Income – Total Expenses**.
 Keep track of your Paycheck amount each turn.
\$ 1000

JESSE'S BALANCE SHEET			
Assets		Liabilities	
Ice Cream Stand	\$ 2000	Car Loan	\$15,000
Toki Beach Stock	\$ 10,000	Surf Shop Account	\$ 500
# of shares <u>500</u>		Beach Hut Properties	\$ 16,000
Beach Hut Properties	\$ 20,000		